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**TOWN OF SUNSET
SUNSET, LOUISIANA****FINANCIAL REPORT FOR THE
YEAR ENDED JUNE 30, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 30 2013

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen
Town of Sunset, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sunset, Louisiana as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Sunset, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sunset, Louisiana, as of June 30, 2012, and the respective changes in financial position and cash flows, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2012, on our consideration of the Town of Sunset, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Town of Sunset, Louisiana has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sunset, Louisiana's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The accompanying other supplemental information statements and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Town of Sunset, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Richard C. Urban, CPA

Opelousas, Louisiana
December 11, 2012

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

TOWN OF SUNSET, LOUISIANA
STATEMENT OF NET ASSETS -
June 30, 2012

ASSETS	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Current assets:			
Cash and cash equivalents	\$ 214,121	\$ 34,675	\$ 248,796
Receivables (net of allowances for uncollectibles)	45,399	35,740	81,139
Unbilled service revenue		15,027	15,027
Due from other governmental units	4,576		4,576
Due from other funds	<u>63</u>	<u>-</u>	<u>63</u>
Total current assets	<u>264,159</u>	<u>85,442</u>	<u>349,601</u>
Non-current assets:			
Restricted assets:			
Cash and cash equivalents		131,866	131,866
Capital assets (net)	<u>1,633,861</u>	<u>816,843</u>	<u>2,450,704</u>
Total non-current assets	<u>1,633,861</u>	<u>948,709</u>	<u>2,582,570</u>
TOTAL ASSETS	<u>1,898,020</u>	<u>1,034,151</u>	<u>2,932,171</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	\$ 49,833	\$ 17,765	\$ 67,598
Due to other funds		39,967	39,967
Bonds and interest payable	<u>14,000</u>	<u>29,066</u>	<u>43,066</u>
Total current liabilities	<u>63,833</u>	<u>86,798</u>	<u>150,631</u>
Non-current liabilities:			
Customer deposits		91,542	91,542
Bonds payable	<u>473,000</u>	<u>48,627</u>	<u>521,627</u>
Total non-current liabilities	<u>473,000</u>	<u>140,169</u>	<u>613,169</u>
TOTAL LIABILITIES	<u>536,833</u>	<u>226,967</u>	<u>763,800</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,146,861	739,365	1,886,226
Restricted for debt service	7,086	37,575	44,661
Unassigned	207,240		207,240
Unrestricted	<u></u>	<u>30,244</u>	<u>30,244</u>
TOTAL NET ASSETS	<u>1,361,187</u>	<u>807,184</u>	<u>2,168,371</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:					
Governmental activities:					
General government	\$ 470,864	\$ 85,202	\$ -	\$ -	\$(385,662)
Public safety:					
Police	703,705	124,172			(579,533)
Fire	73,606				(73,606)
Civil defense	3,818				(3,818)
Public services - street	<u>226,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(226,275)</u>
Total governmental activities	<u>1,478,268</u>	<u>209,374</u>	<u>-</u>	<u>-</u>	<u>(1,268,894)</u>
Business-type activities:					
Gas utilities	124,288	234,405			110,117
Water utilities	198,412	228,906	-		30,494
Sewer utilities	<u>143,342</u>	<u>149,043</u>	<u>-</u>	<u>-</u>	<u>5,701</u>
Total business-type activities	<u>466,042</u>	<u>612,354</u>	<u>-</u>	<u>-</u>	<u>146,312</u>
Total primary government	<u>\$1,944,310</u>	<u>\$ 821,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(1,122,582)</u>

The accompanying notes are an integral part of the financial statements.

	Governmental Activities	Primary Government Business-type Activities	Total
Change in net assets:			
Net (expense) revenue	\$(1,268,894)	\$ 146,312	\$(1,122,582)
General revenues:			
Taxes:			
Property taxes	129,847		129,847
Sales and use taxes	536,131		536,131
Franchise fees	125,739		143,481
Grants and contributions:			
State sources	40,991		40,991
Federal sources	159,210		159,210
Intergovernmental	60,040		60,040
Miscellaneous	67,949		67,949
Interest income	359	69	428
Transfers	208,696	(208,696)	-
Total general revenues and transfers	1,328,962	(208,627)	1,120,335
Change in net assets	60,068	(62,315)	(2,247)
Net assets - beginning	1,301,119	869,499	2,170,618
Net assets - ending	1,361,187	807,184	2,168,371

FUND FINANCIAL STATEMENTS

TOWN OF SUNSET, LOUISIANA
BALANCE SHEET, GOVERNMENTAL FUNDS
June 30, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 136,075	\$ 76,683	\$ 1,363	\$ 214,121
Receivables:				
Taxes	2,672			2,672
Accrued interest	610			610
Franchise fees	25,705			25,705
Miscellaneous	16,412			16,412
Due from other governmental units	4,576			4,576
Due from other funds	63	-	-	63
Total assets	<u>186,113</u>	<u>76,683</u>	<u>1,363</u>	<u>264,159</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Bonds payable	487,000			487,000
Accounts payable	19,678			19,678
Cash bonds payable	30,155	-	-	30,155
Total liabilities	<u>536,833</u>	<u>-</u>	<u>-</u>	<u>536,833</u>
Fund balances:				
Reserved for debt service	7,086			7,086
Unreserved	(357,806)	76,683	1,363	(279,760)
Total fund balances	<u>(350,720)</u>	<u>76,683</u>	<u>1,363</u>	<u>(272,674)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>186,113</u>	<u>76,683</u>	<u>1,363</u>	<u>264,159</u>

See accompanying notes are an integral part of the basic financial statements.

**TOWN OF SUNSET, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE GOVERNMENT-WIDE
FINANCIAL STATEMENT OF NET ASSETS
June 30, 2012**

Amounts reported for governmental activities in the Statement of Net
Assets are different because:

Fund Balances, Total Governmental Funds	\$(272,674)
Capital assets of \$3,124,269, net of accumulated depreciation of (\$1,490,408), are not financial resources and, therefore, are not reported in the funds.	<u>1,633,861</u>
Net Assets of Governmental Activities	<u><u>\$1,361,187</u></u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF SUNSET, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Taxes	\$ 129,847	\$ 536,131	\$	\$ 622,913
Licenses and permits	85,202			85,202
Franchise fees	125,739			125,739
Fines and forfeits	124,172			124,172
Intergovernmental	260,241			260,241
Miscellaneous	<u>68,107</u>	<u>193</u>	<u>8</u>	<u>47,467</u>
Total Revenues	<u>793,308</u>	<u>536,324</u>	<u>8</u>	<u>1,329,640</u>
<u>EXPENDITURES</u>				
General government	422,026	7,868	2	429,896
Public safety:				
Police	647,564			647,564
Fire	70,606			70,606
Street	220,464			220,464
Civil defense	3,818			3,818
Capital outlay	<u>577,231</u>	<u>-</u>	<u>-</u>	<u>577,231</u>
Total Expenditures	<u>1,941,709</u>	<u>7,868</u>	<u>2</u>	<u>1,949,579</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,148,401)	528,456	6	(619,939)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	732,647			732,647
Transfers out	<u>-</u>	<u>(523,951)</u>	<u>-</u>	<u>(523,951)</u>
Total Other Financing Sources and (Uses)	<u>732,647</u>	<u>(523,951)</u>	<u>-</u>	<u>208,696</u>
Net Change in Fund Balance	(415,754)	4,505	6	(411,243)
Fund balances - beginning	<u>65,034</u>	<u>72,178</u>	<u>1,357</u>	<u>138,569</u>
Fund balances - ending	<u>(350,720)</u>	<u>76,683</u>	<u>1,363</u>	<u>(272,674)</u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF SUNSET, LOUISIANA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2012**

Amounts reported for governmental activities in the Statement
of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ (411,243)
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Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The cost of infrastructure such as street improvements is not capitalized and depreciated. This is the amount by which capital outlays of \$(577,231) exceeded depreciation of (\$105,920) in the current period.

471,311

Change in net assets of governmental activities	\$ <u>60,068</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA
STATEMENT OF NET ASSETS, PROPRIETARY FUND
June 30, 2012

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 34,675
Receivables:	
Accounts receivable, net	35,704
Unbilled service revenue	15,027
Other receivables	<u>36</u>
Total Current Assets	<u>85,442</u>
Non-Current Assets:	
Restricted assets:	
Cash and cash equivalents	131,866
Capital assets (net of accumulated depreciation)	<u>816,843</u>
Total Non-Current Assets	<u>948,709</u>
TOTAL ASSETS	<u>1,034,151</u>
LIABILITIES	
Current liabilities:	
Due to other fund	39,967
Accounts payable	17,765
Payable from restricted assets:	
Revenue bonds	28,851
Accrued interest	<u>215</u>
Total Current Liabilities	<u>86,798</u>
Non-Current Liabilities:	
Customer deposits	91,542
Revenue bonds	<u>48,627</u>
Total Non-Current Liabilities	<u>140,169</u>
Total liabilities	<u>226,967</u>
NET ASSETS	
Invested in capital assets, net of related debt	739,365
Restricted for debt service	37,575
Unrestricted (deficit)	<u>30,244</u>
TOTAL NET ASSETS	<u>\$ 807,184</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS, PROPRIETARY FUNDS
Year Ended June 30, 2012

Operating Revenues

Charges for services:

Gas sales	\$ 221,271
Water sales	219,356
Sewer charges	146,478
Penalties and late fees	8,907
Other income	<u>16,342</u>
Total Operating Revenues	<u>612,354</u>

Operating Expenses

Gas department	124,288
Water department	198,412
Sewer department	<u>139,157</u>
Total Operating Expenses	<u>461,857</u>

Operating Income (Loss) **150,497**

Nonoperating Revenues (Expenses)

Interest earnings	69
Interest expense	(<u>4,185</u>)

Total Nonoperating Revenue (Expenses) (4,116)

Income (Loss) Before Transfers 146,381

Transfers Out (208,696)

Change in Net Assets (62,315)

Total Net Assets, Beginning **869,499**

Total Net Assets, Ending **807,184**

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2012

Cash Flows From Operating Activities	
Receipts from customers and users	\$ 606,874
Payments to suppliers	(314,089)
Payments to employees	(68,866)
Other receipts	<u>-</u>
Net Cash Provided by Operating Activities	<u>223,919</u>
Cash Flows From NonCapital Financing Activities	
Transfers to other funds	(208,696)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(208,696)</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on capital debt	(27,992)
Interest paid on capital debt	(4,185)
Customer deposits	<u>3,216</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(28,961)</u>
Cash Flows From Investing Activities	
Interest received	<u>69</u>
Net Cash Provided (Used) by Investing Activities	<u>69</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,669)
Cash and Cash Equivalents, Beginning of Year	<u>180,210</u>
Cash and Cash Equivalents, End of Year	<u>166,541</u>

The accompanying notes are an integral part of the basic financial statements.

**Reconciliation of Operating Income to Net Cash
Provided (Used) by Operating Activities**

Operating income (loss)	\$ 150,497
Depreciation expense	92,069
(Increase) decrease in accounts receivable	(9,295)
(Increase) decrease in unbilled service revenue	2,487
(increase) decrease in other receivables	1,328
Increase (decrease) in due to other funds	-
Increase (decrease) in accounts payable	(13,167)
Increase (decrease) in other liabilities	<u>-</u>
Total adjustments	<u>73,422</u>
Net Cash Provided (Used) by Operating Activities	<u>223,919</u>

TOWN OF SUNSET, LOUISIANA
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2012

ASSETS	<u>Payroll Fund</u>
Cash and cash equivalents	\$ 11,243
Due from other funds	<u>39,904</u>
Total Assets	<u>51,147</u>
 LIABILITIES	
Payroll taxes and benefits payable	<u>51,147</u>
 NET ASSETS	
Held in trust for:	<u>-</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Year Ended June 30, 2012

	<u>Payroll Fund</u>
Additions	
Contributions from other funds	\$ <u>824,304</u>
Total Additions	<u>824,304</u>
Deductions	
Salaries and benefits	<u>824,304</u>
Total Deductions	<u>824,304</u>
Change in Net Assets	<u>-</u>
Net Assets, Beginning	<u>-</u>
Net Assets, Ending	<u>-</u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of sunset (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary fund, Generally Accepted Accounting Standards (ASC) on or before November 30, 1989, have been applied unless those standards conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Town of Sunset was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

The Board consists of five elected members. The Mayor and Board are compensated for their services at an amount legally set by the Board annually.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity for financial reporting purposes. Under provisions of this Statement, this report includes all funds that are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. The Town has no component units and therefore, none are presented in the government-wide financial statements.

B. Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1)

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Town are described below:

Governmental Funds –

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Sales Tax Fund is a Special Revenue Fund used to account for the proceeds of the two 1% sales and use taxes that are legally restricted to expenditures for specific purposes.

The General Obligation Bonds Fund is a Debt Service Fund used to account for the monies remaining from the collection of a 1.88 property tax millage dedicated for the payment of 1988 general obligation bonds which are paid off.

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

Proprietary Funds –

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Sunset's enterprise fund is the Utility Fund.

C. Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

D. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in certificates of deposit with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

organized under Louisiana law and national banks having their principal offices in Louisiana. Also under state law, the Town may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles. The Town basis its allowance on prior experience and the amount trade receivables exceed meter deposits.

F. Restricted Assets

Certain proprietary fund assets are legally restricted for the payment of revenue bonds as well as for the refunding of customer meter deposits.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the fiscal year ended June 30, 2012.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

H. Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. Sick leave is accumulated by employees at a rate dependent upon number of years of employment. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Therefore, no liability has been recorded in the financial statements as of June 30, 2012.

I. Long-Term Obligations

In the government-wide financial statements, and the governmental and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

J. Equity Classifications

In the government-wide statements and in the fund financial statements for the proprietary fund, equity is classified as net assets and displayed in three components:

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Town, which are either unusual in nature or infrequent in occurrence.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

M. Revenue Restrictions

The Town has various restriction placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source

Sales Taxes

Utility Fund Revenue

Legal Restriction of Use

See Note 3

Debt Service and utility Operations

The Town uses unrestricted resources only when restricted resources are fully depleted.

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

N. Budget and Budgetary Accounting

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed, detailed line item, budget and submits same to the Mayor and Board of Aldermen no later than 15 days prior to the beginning of each fiscal year. Revenues are budgeted by source. Expenditures are budgeted by department and class.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Any budgetary revisions require the approval of the Mayor and Board of Aldermen.
6. All budgetary appropriations lapse at the end of the fiscal year.

2. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. The taxes are based on assessed values determined by the Tax Assessor of St. Landry Parish and are collected by the Sheriff. Taxes are billed to taxpayers by the Assessor in November and are due by December 31, becoming delinquent on January 1 of the following year. Town property tax revenues are budgeted in the year billed.

For the year ended June 30, 2012, taxes of 6.56 mills were levied on property with assessed valuations totaling \$17,583,970 and were dedicated for general corporate purposes.

Gross taxes levied for the current fiscal year totaled \$115,350. The taxes are remitted to the Town net of deductions for Pension Fund contributions.

3. SALES AND USE TAX

Proceeds of two 1 percent sales and use taxes (accounted for in the Sales Tax Fund – a special revenue fund) levied by the Town of Sunset are dedicated to the following purposes:

Constructing and purchasing municipal, fire and police department facilities, furnishings and equipment; opening, construction, and improving drains, drainage canals, and subsurface drainage; constructing, acquiring, or improving any work of public permanent improvement; and purchasing and acquiring all equipment and furnishing for the public works, buildings, improvement, and facilities of the Town of Sunset.

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

Total taxes collected for the year ended June 30, 2012 was \$536,131.

4. CASH AND CASH EQUIVALENTS

At June 30, 2012, the Town has cash and cash equivalents (book balances) totaling \$380,662 as follows:

Demand deposits	\$334,508
Money market accounts	2,904
Time deposits	42,076
Other	<u>1,174</u>
Total	<u><u>380,662</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2012, the Town has \$379,488 in deposits (collected bank balances), categorized below to reflect the amount of risk assumed by the Town.

GASB Category 1 (federal deposit insurance)	\$379,488
GASB Category 3 (uninsured and collateral held by the pledging bank or other agency)	<u> - </u>
	<u><u>379,488</u></u>

5. RECEIVABLES

The receivables of \$81,139 at June 30, 2012 are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Ad valorem taxes	\$ 1,105	\$ -	\$ 1,105
Franchise fees	25,705	-	25,705
Intergovernmental	6,143	-	6,143
Accounts	-	35,711	35,711
Other	<u>12,446</u>	<u>29</u>	<u>12,475</u>
Totals	<u><u>45,399</u></u>	<u><u>35,740</u></u>	<u><u>81,139</u></u>

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2012, is as follows:

	Balance <u>07/01/11</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/12</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and construction in progress	\$ 75,841	\$	\$	\$ 75,841
Other capital assets:				
Buildings	1,039,842	561,291		1,601,133
Infrastructure	187,568	11,717		199,285
Equipment	<u>1,243,787</u>	<u>4,223</u>	-	<u>1,248,010</u>
Totals	<u>2,547,038</u>	<u>577,231</u>	-	<u>3,124,269</u>
Less accumulated depreciation:				
Buildings	235,712	48,726		284,438
Infrastructure	132,261	2,923		135,184
Equipment	<u>1,016,515</u>	<u>54,271</u>	-	<u>1,070,786</u>
Total accumulated depreciation	<u>1,384,488</u>	<u>105,920</u>	-	<u>1,490,408</u>
Total capital assets being depreciated, net	<u><u>1,162,550</u></u>	<u><u>471,311</u></u>	<u><u>-</u></u>	<u><u>1,633,861</u></u>
Business-type activities:				
Capital assets not being depreciated:				
Land	50,210			50,210
Other capital assets:				
Utility system and extensions	5,610,975			5,610,975
Machinery and equipment	<u>20,743</u>	-	-	<u>20,743</u>
Totals	<u><u>5,681,928</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>5,681,928</u></u>
Less accumulated depreciation:				
Utility system and extensions	4,752,621	91,556		4,844,177
Machinery and equipment	<u>20,395</u>	<u>513</u>	-	<u>20,908</u>
Total accumulated depreciation	<u><u>4,773,016</u></u>	<u><u>92,069</u></u>	<u><u>-</u></u>	<u><u>4,865,085</u></u>
Total business-type capital assets, net	<u><u>908,912</u></u>	<u><u>(92,069)</u></u>	<u><u>-</u></u>	<u><u>816,843</u></u>

Depreciation expense of \$197,989 for the year ended June 30, 2012, was charged to the following governmental functions:

<u>General Fund</u>		<u>Enterprise Fund</u>	
General and administrative	\$40,968	Gas	\$ 3,358
Police	56,141	Water	42,655
Fire	3,000	Sewer	46,056
Street	5,811		

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

7. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$67,598 at June 30, 2012, are as follows:

<u>Class of Payable</u>	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ 19,679	\$ 10,876	\$ 30,555
Cash bonds	30,154		30,154
Other	-	6,889	6,889
Totals	<u>49,833</u>	<u>17,765</u>	<u>67,598</u>

8. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2012:

	<u>General Fund</u>	<u>Enterprise Fund</u>
	<u>Revenue Bonds</u>	<u>Revenue Bonds</u>
Long-term debt payable, July 1, 2011	\$ 250,000	\$ 105,685
Long-term debt issued	250,000	
Long-term debt retired	(13,000)	(28,206)
Long-term debt payable, June 30, 2012	<u>487,000</u>	<u>77,479</u>

Long-term debt payable at June 30, 2011 is comprised of the following:

\$410,000 1995 Sewer Utility Revenue Bond, dated February 17, 1995; due in monthly installments of \$2,681 through February 2015; interest at 4.5 percent; secured by Utility Fund revenues \$ 77,479

\$250,000 2010 Revenue Bond, dated November 22, 2010; due in annual installments of various amounts, with no interest, through November 1, 2025; secured by sales tax revenues 250,000

\$250,000 2010 Revenue Bond, dated November 22, 2010; due in annual installments of various amounts, with interest payable semi-annually; through November 1, 2025; with variable interest currently at 3.75 percent; secured by sales tax revenues 250,000

Long-term debt is due as follows:

	<u>General Fund</u>		<u>Enterprise Fund</u>	
Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	14,000	10,443	29,289	2,887
2014	14,000	10,204	30,635	1,542
2015	16,000	9,936	17,555	281
2016	16,000	9,637		
2017	18,000	9,312		
2018 and thereafter	<u>409,000</u>	<u>49,247</u>	<u>-</u>	<u>-</u>
Total	<u>487,000</u>	<u>98,779</u>	<u>77,479</u>	<u>4,710</u>

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

Flow of Funds: Restrictions on Use

Utility Revenue Bonds:

Under the terms of the bond indenture dated February 17, 1995, all income and revenues of every nature, earned or derived from operation of the Utility System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

- a. Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" the amount of \$2,681 each month. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.
- b. There shall also be set aside into a "Bond Reserve Fund" the amount of \$135 each month until the amount of \$32,177 has been accumulated therein. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.
- c. Funds will also be set aside into a "Contingency Fund" at the rate of \$243 each month. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

Sales Tax Revenue Bonds

Under the terms of the bond indenture dated November 22, 2010, a portion of sales tax revenues earned from the operation of the Sales Tax Fund, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

- a. Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" the amount of \$2,105 each month. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

The Town of Sunset failed to comply with the sinking fund requirements during the past fiscal year ended June 30, 2012.

9. RETIREMENT SYSTEMS

In addition to the federal social security system, substantially all employees of the Town of Sunset are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, or Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Town are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809 or by calling (504) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 10.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 15.0% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan A for the year ended June 30, 2012 was \$29,151, equal to the required contributions for each year.

B. Municipal Police Employees' Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service state above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809-7017.

Funding Policy. Plan members are required by state statute to contribute 10.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 26.5% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions to the System for the year ended June 30, 2012 was \$12,027, equal to the required contributions for the year.

10. INTERFUND TRANSACTIONS

A. Receivables and Payables

Due to the General Fund from the Utility Fund for reimbursement for expenditures paid	\$39,967
Due from the General Fund to the Fiduciary fund for excess benefits paid	(39,904)
	<u>63</u>

B. Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 732,647	\$ -
Sales Tax Special Revenue Fund		523,951
Proprietary Fund:		
Enterprise Fund	<u>-</u>	<u>208,696</u>
Total	<u>732,647</u>	<u>732,647</u>

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

11. PENDING LITIGATION

The Town is a defendant in various claims and lawsuits claiming damages. Management and legal counsel are of the opinion that monetary damages would be minimal, if any, in excess of insurance coverage in all of these cases.

The Town was sued by a neighboring Town, Grand Coteau, over sales tax revenue collected by the Town of Sunset for a business that has a portion of its property within the Grand Coteau town limits. The potential total amount owed by the Town of Sunset would be \$40,000. In November, 2011, a judge issued a preliminary ruling in favor of the Town of Grand Coteau. However, his ruling was for the split of sales tax revenues between the two Towns effective with October, 2011 sales tax revenues. No action was taken on the prior balance owed of \$40,000. A survey shows that the building of the business in question does not extend over into Grand Coteau; only the real estate portion does. Therefore, the Town's attorney feels that the Town will win its case upon appeal.

Due to the uncertain outcome of this case, no liability has been accrued in the financial statements.

12. FEDERAL COMPLIANCE CONTINGENCIES

The Town of Sunset is subject to possible examination by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the Town in the current year. These examinations may result in required refunds by the Town to federal grantors and/or program beneficiaries. No questioned or disallowed costs were noted for inclusion in our report.

13. RISK MANAGEMENT

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. The limits of the coverages on the various Town assets appear to be adequate.

14. SUBSEQUENT EVENT REVIEW

The Town's management has evaluated subsequent events through December 11, 2012, the date which the financial statements were available to be issued.

**TOWN OF SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

15. SEGMENT INFORMATION FOR THE ENTERPRISE FUND

The Town of Sunset maintains one enterprise fund with three departments which provide water, gas and sewerage services. Segment information for the year ended June 30, 2012 is as follows:

	<u>Water Dept.</u>	<u>Sewer Dept.</u>	<u>Gas Dept.</u>	<u>Total</u>
Operating revenues	\$228,906	\$149,043	\$234,405	\$612,354
Operating expenses:				
Depreciation	42,655	46,056	3,358	92,069
Other	<u>155,757</u>	<u>97,286</u>	<u>120,930</u>	<u>373,973</u>
Total operating expenses	<u>198,412</u>	<u>143,342</u>	<u>124,288</u>	<u>466,042</u>
Operating income (loss)	<u>30,494</u>	<u>5,701</u>	<u>110,117</u>	<u>146,312</u>

16. DEFICIT IN GENERAL FUND FUND BALANCE

The Town of Sunset General Fund had a deficit in its fund balance at June 30, 2012. This was caused by its large capital outlays over the prior two fiscal years for the construction of a community center and new town hall. The Town Council plans on eliminating this deficit over the next five years by increasing its transfers in from the sales tax fund, keeping future capital outlays at a minimum, and by closely monitoring its operating budget to ensure surpluses.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET COMPARISON SCHEDULES

TOWN OF SUNSET, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Budget to GAAP</u>	<u>Actual Amount</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Differences</u> <u>Over (Under)</u>	<u>GAAP Basis</u>
Revenues					
Taxes	\$128,000	\$128,000	\$129,847		\$129,847
Licenses and permits	90,000	80,000	85,202		85,202
Franchise fees	144,200	133,000	125,739		125,739
Fines and forfeits	94,000	80,000	124,172		124,172
Intergovernmental	85,500	181,000	260,241		260,241
Miscellaneous	30,100	30,000	68,107		68,107
Total Revenues	<u>571,800</u>	<u>632,000</u>	<u>793,308</u>		<u>793,308</u>
Expenditures					
General - salaries	136,000	136,000	150,861		150,861
General - all others	245,000	470,000	832,129	(560,964)	271,165
General - depreciation				40,968	40,968
Street - salaries	75,000	75,000	91,165		91,165
Street - utilities	35,000	35,000	32,049		32,049
Street - all others	104,300	112,000	104,050	(6,800)	97,250
Street - depreciation				5,811	5,811
Fire - salaries	29,500	30,000	26,717		26,717
Fire - all others	35,900	50,000	43,889		43,889
Fire - depreciation				3,000	3,000
Civil defense - all others	2,000	2,000	3,818		3,818
Police - salaries	373,500	370,000	421,563		421,563
Police - all others	193,600	214,000	235,468	(9,467)	226,001
Police - depreciation	-	-	-	56,141	56,141
Total Expenditures	<u>1,229,800</u>	<u>1,494,000</u>	<u>1,941,709</u>	<u>(471,311)</u>	<u>1,470,398</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditure	<u>(658,000)</u>	<u>(862,000)</u>	<u>(1,148,401)</u>	<u>(471,311)</u>	<u>(677,090)</u>
Other Financing Sources					
Transfers in	<u>630,000</u>	<u>670,000</u>	<u>732,647</u>	-	<u>732,647</u>
Total Other Financing Sources	<u>630,000</u>	<u>670,000</u>	<u>732,647</u>	-	<u>732,647</u>
Net Change in Fund Balance	(28,000)	(192,000)	(415,754)	471,311	55,557
Fund Balance, Beginning	<u>65,034</u>	<u>65,034</u>	<u>65,034</u>	<u>1,162,550</u>	<u>1,227,584</u>
Fund Balance, Ending	<u>37,034</u>	<u>(126,966)</u>	<u>(350,720)</u>	<u>1,633,861</u>	<u>1,283,141</u>

Budget to GAAP differences are due to the capitalization and depreciation of capital assets.

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>GAAP Basis</u>
Revenues				
Taxes	\$510,000	\$520,000	\$536,131	\$536,131
Miscellaneous	<u>-</u>	<u>-</u>	<u>193</u>	<u>193</u>
Total Revenues	<u>510,000</u>	<u>520,000</u>	<u>536,324</u>	<u>536,324</u>
Expenditures				
General government	<u>3,000</u>	<u>3,000</u>	<u>7,868</u>	<u>7,868</u>
Total Expenditures	<u>3,000</u>	<u>3,000</u>	<u>7,868</u>	<u>7,868</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>507,000</u>	<u>517,000</u>	<u>528,456</u>	<u>528,456</u>
Other Financing Uses				
Transfers out	(<u>490,000</u>)	(<u>490,000</u>)	(<u>523,951</u>)	(<u>523,951</u>)
Total Other Financing Uses	(<u>490,000</u>)	(<u>490,000</u>)	(<u>523,951</u>)	(<u>488,124</u>)
Net Change in Fund Balance	17,000	27,000	4,505	4,505
Fund Balance, Beginning	<u>72,178</u>	<u>72,178</u>	<u>72,178</u>	<u>72,178</u>
Fund Balance, Ending	<u>89,178</u>	<u>99,178</u>	<u>76,683</u>	<u>76,683</u>

The accompanying notes are an integral part of the basic financial statements.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF SUNSET, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS – UTILITY FUND
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Charges for services –		
Gas sales	\$ 221,271	\$ 245,038
Water sales	219,356	218,787
Sewer charges	146,478	135,247
Miscellaneous	<u>25,249</u>	<u>35,533</u>
Total operating revenues	<u>612,354</u>	<u>634,605</u>
Operating Expenses		
Gas department	124,288	137,356
Water department	198,412	207,680
Sewer department	<u>139,157</u>	<u>148,961</u>
Total operating expenses	<u>461,857</u>	<u>493,997</u>
Operating Income	<u>150,497</u>	<u>140,608</u>
Non-operating Revenues (Expenses)		
Interest earnings	69	693
Interest expense	(4,185)	(5,406)
Total non-operating revenues (expenses)	(4,116)	(4,713)
Income Before Transfers	146,381	135,895
Transfers Out	(208,696)	(211,772)
Change in Net Assets	(62,315)	(75,877)
Net Assets, Beginning	<u>869,499</u>	<u>945,376</u>
Net Assets, Ending	<u>807,184</u>	<u>869,499</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

<u>Federal Grantor/ Program Title</u>	<u>CFDA No.</u>	<u>Grant ID No.</u>	<u>Federal Award Received</u>	<u>Program Expenditures</u>
United States Dept of Agriculture Passed through the Office Of Louisiana Community Development (LCDBG)	10.766	N/A	<u>\$158,196</u>	<u>\$158,196</u>
Total federal assistance			<u>158,196</u>	<u>158,196</u>
Federal funds on hand, beginning of year			\$ -0-	
Federal funds received			158,196	
Federal funds disbursed			<u>(158,196)</u>	
Federal funds on hand, end of year			<u>-0-</u>	

The above schedule is prepared under the cash basis of accounting.

TOWN OF SUNSET, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
Year Ended June 30, 2012

Board Member	Amount
Honorable Cecil Lavergne, Mayor	\$ 16,350
Honorable Dalton Belson, Alderman	9,250
Honorable Bernice Smith, Alderwoman	9,250
Honorable Charles James, Alderman	9,100
Honorable Melanie White, Alderwoman	9,250
Honorable Joseph Burleigh, Alderman	<u>9,100</u>
Total	<u>62,300</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
June 30, 2012

<u>Company</u> <u>Limits</u>	<u>Policy Type</u>	<u>Policy Period</u>	<u>Coverage</u>
Southern Insurance	Fire and Extended Coverage	3/25/12 - 3/25/13	\$ 3,109,600
Essex Insurance Co.	Town vehicles	8/25/11 - 8/25/12	Various
Scottsdale Insurance Co.	Property	5/21/12 - 5/21/13	550,000
National Union Fire Ins. Co.	Accident and Sickness (Police)	3/22/12 - 3/22/13	50,000
American Alternative Ins. Corp.	Vehicles (Fire)	3/22/12 - 3/22/13	100,000
American Alternative Ins. Corp.	Fire Station	3/22/12 - 3/22/13	126,531
	Garage		50,614
	Portable equipment		50,000
	General liability		1,000,000
	Management liability		2,000,000
Louisiana Municipal Risk Management Agency	Workers' Compensation	1/1/12 - 1/1/13	Legal limits
Louisiana Municipal Risk Management Agency	General liability	6/5/12 - 6/5/13	500,000
	Auto		500,000
	Law Enforcement Officer		500,000
	Errors and Omissions		500,000
EMC Employers Mutual Casualty	Employee theft	3/10/12 - 3/10/13	5,000

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF SUNSET, LOUISIANA
UTILITY SYSTEM STATISTICAL INFORMATION
YEAR ENDED JUNE 30, 2012**

As of June 30, 2012, the sewer rates were as follows (rated on actual water usage):

Residential	\$6.50 for first 2,000 gallons
	\$ 1.25 per thousand or part thereof over 2,000 gallons
Commercial	\$10.00 for first 3,000 gallons
	\$ 1.25 per thousand or part thereof over 3,000 gallons

At June 30, 2012, the water rates were as follows:

Residential and commercial	\$10.00 for first 2,000 gallons
	\$.14 per gallon thereafter

At June 30, 2012, the gas rates were as follows:

Residential and commercial	\$11.88 for first 500 cubic feet
	\$ 1.25 per cubic feet thereafter

As of June 30, 2012, the Town had the following number of customers being served:

<u>Type</u>	<u>Number of Customers</u>		
	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>
Commercial	26	68	38
Residential	418	1,121	976

OTHER REPORTS

RICHARD C. URBAN
CERTIFIED PUBLIC ACCOUNTANT

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To the Mayor and Board of Aldermen
Town of Sunset, Louisiana

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sunset, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Sunset, Louisiana's internal control over financial reporting as a basis for designing in our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in

internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings, recommendations, and corrective action plan that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Sunset, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings, recommendations, and corrective action plan as items 2012-1, and 2012-2.

This report is intended for the information of the Board of Aldermen, management, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Richard C. Urban, CPA

Opelousas, Louisiana
December 11, 2012

**TOWN OF SUNSET, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS**

The prior year audit contained no internal control or compliance findings.

**TOWN OF SUNSET, LOUISIANA
SCHEDULE OF FINDINGS, RECOMMENDATIONS
AND CORRECTIVE ACTION PLAN
Fiscal Year Ended June 30, 2012**

Internal Control / Compliance

2012-1 - Violation of Bond Agreement

Condition: The Town failed to make the required monthly deposits into its bond sinking fund account as required by the bond agreement. This affected only its sales tax revenue bonds.

Criteria: The sales tax revenue bond agreement calls for monthly deposits of from \$1,964 to \$2,105 to be made to a bond sinking fund account for the payment of bond principal and interest during the year.

Cause: The Town Clerk made only three of the required deposits before leaving for medical reasons. The Assistant Clerk was not aware of the requirements. Payments for bond principal and interest were still timely made as funds were transferred into the sinking fund account as needed to cover these payments.

Consequence: The Town has violated its bond agreement. The lender has the right to call the bonds in full.

Corrective Action: The acting Town Clerk is now aware of the sinking fund requirements and is making the necessary deposits on a timely basis. The Town is in the process of transferring funds into the account to cover any old delinquent deposits that were missed.

2012-2 - Unauthorized Payments to Clerk

Condition: The Town made payments to its clerk and assistant clerk of \$3,829.90 for reimbursement of administrative costs associated with the Town receiving monies from FEMA in 2009 for Hurricane Gustav.

Criteria: The funds received in 2009 included a portion for administrative costs to the Town. These funds were for the town and not for any individual. The clerk was paid in 2009 for completing the necessary paperwork with FEMA as part of her salary. The Town actually received less than \$2,000 as administrative costs due to errors in the paperwork submitted.

Cause: The Town has erroneously reimbursed its clerk and assistant clerk for funds the Town received from FEMA for Hurricane Gustav.

Consequences: The Town has overpaid its clerk and assistant clerk for services rendered during the normal course of doing their duties in 2009. These payments were undocumented and unbudgeted.

Corrective Action: The Town has recorded a receivable on its books for the amount overpaid to these individuals. In conjunction with the efforts of the Town's attorney, full restitution will be made over the next few months.